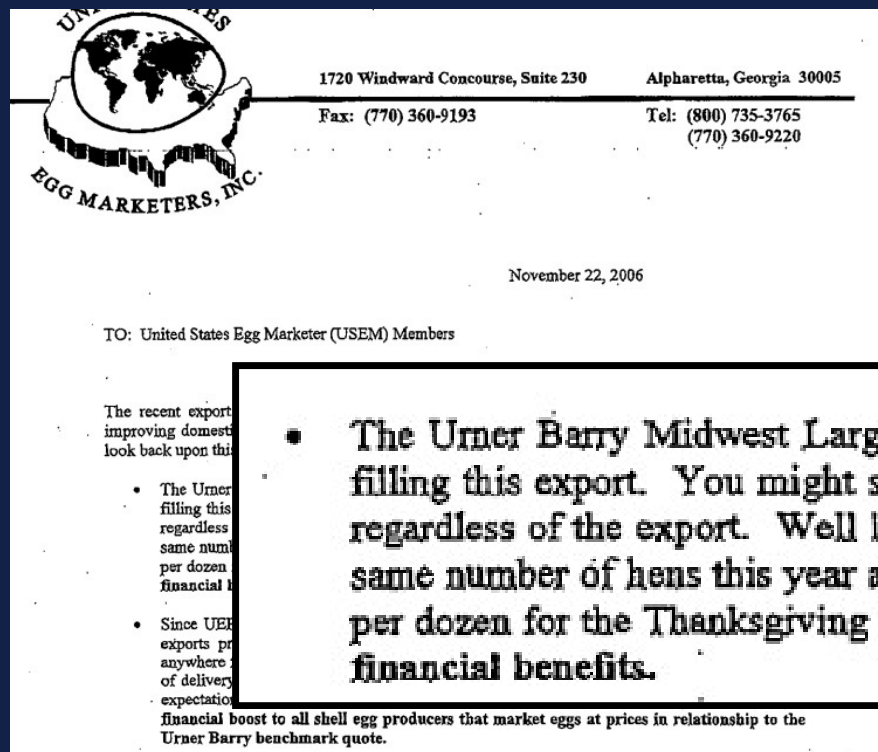


ATTACHMENT B

Nominal Damages for Exports and Short-Term Measures



November 22, 2006

Nominal Damages for Exports and Short-Term Measures

From: Wayne Winslow [wwinslow@nucalfoods.com]
Sent: Wednesday, November 22, 2006 2:46 PM
To: Gene Gregory
Cc: Linda Reickard; Chuck Elste; Phyllis Blizzard
Subject: Re: Cost of Export

Gene,

The number below is sufficient for now.

We understand how the system works and the benefits of the system.
Once again the export proved to be very timely as this "kick started"
the market rise and the entire egg industry benefitted. It is too bad that we do not get
better participation from the rest of the industry.

Thank you for the good job done.

Wayne

Impact of Short Term Measures

UEP Board of Directors
January 25, 2005
Atlanta, GA.

Chairman's Comments: Among the comments made by Chairman Deffner were the following: *It was just a year ago that we met in this very hotel and we were so full of optimism. All indicators were that we could sustain \$1.00 plus eggs for an extended period and the price structures for the next 18 months. (We took care of that) The market came full circle with prices from \$1.35 to 59 cents. We don't have to accept low prices and we can have a good 2005 if we just make a few changes and work together. We sell ourselves short by spending a great deal of time talking about the negatives. Year-end flock size was actually less than forecast but still a problem. The Economic Summit highlighted some of the problems and some of you have already reacted in a positive manner. We need more of you to participate in a positive change. Thanks to those that have prepaid your 2005 dues and assessments.*

Motion: It was moved by Mooney and seconded by Dean to recommend that the current "intentions program" for flocks to be disposed of 4 weeks earlier than previously scheduled and/or flock size reduction by 5% be extended through Labor Day. Carried.

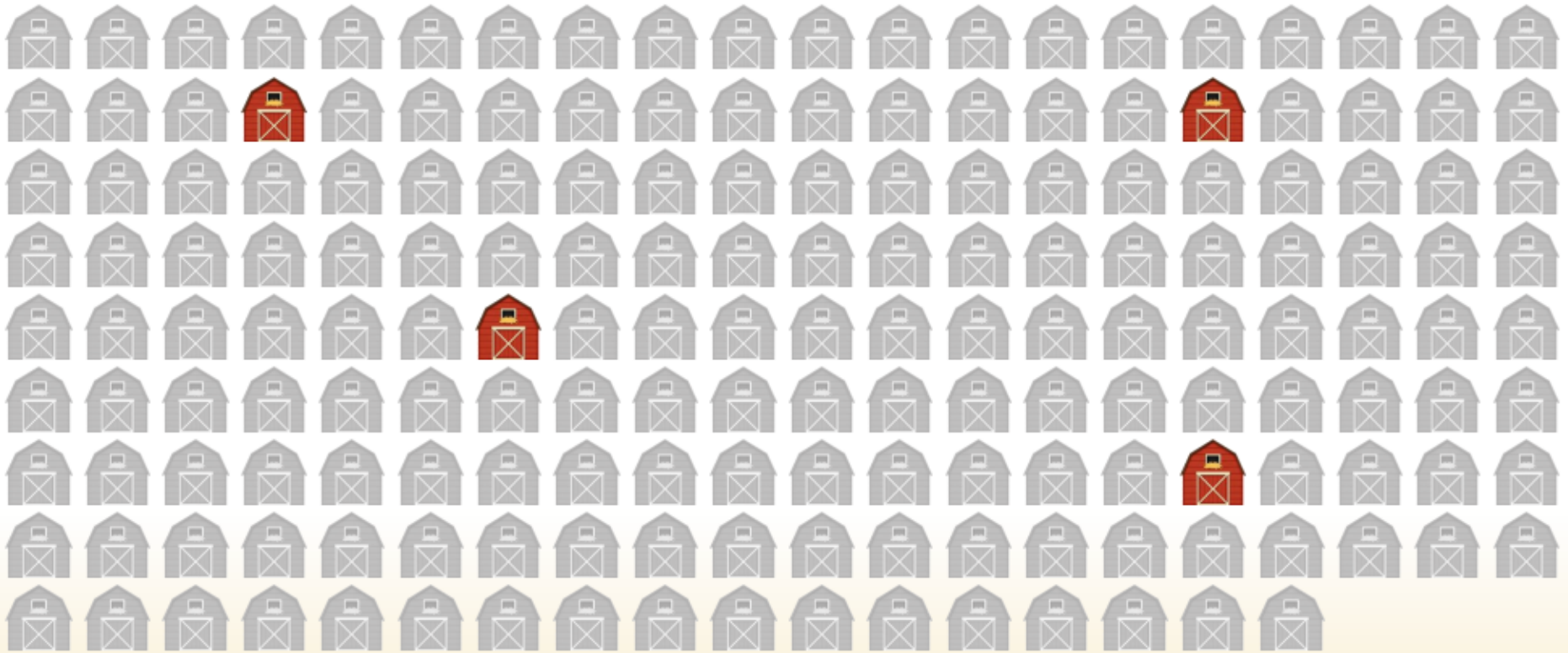
CAL MAINE FOODS, INC. FORM 10-K

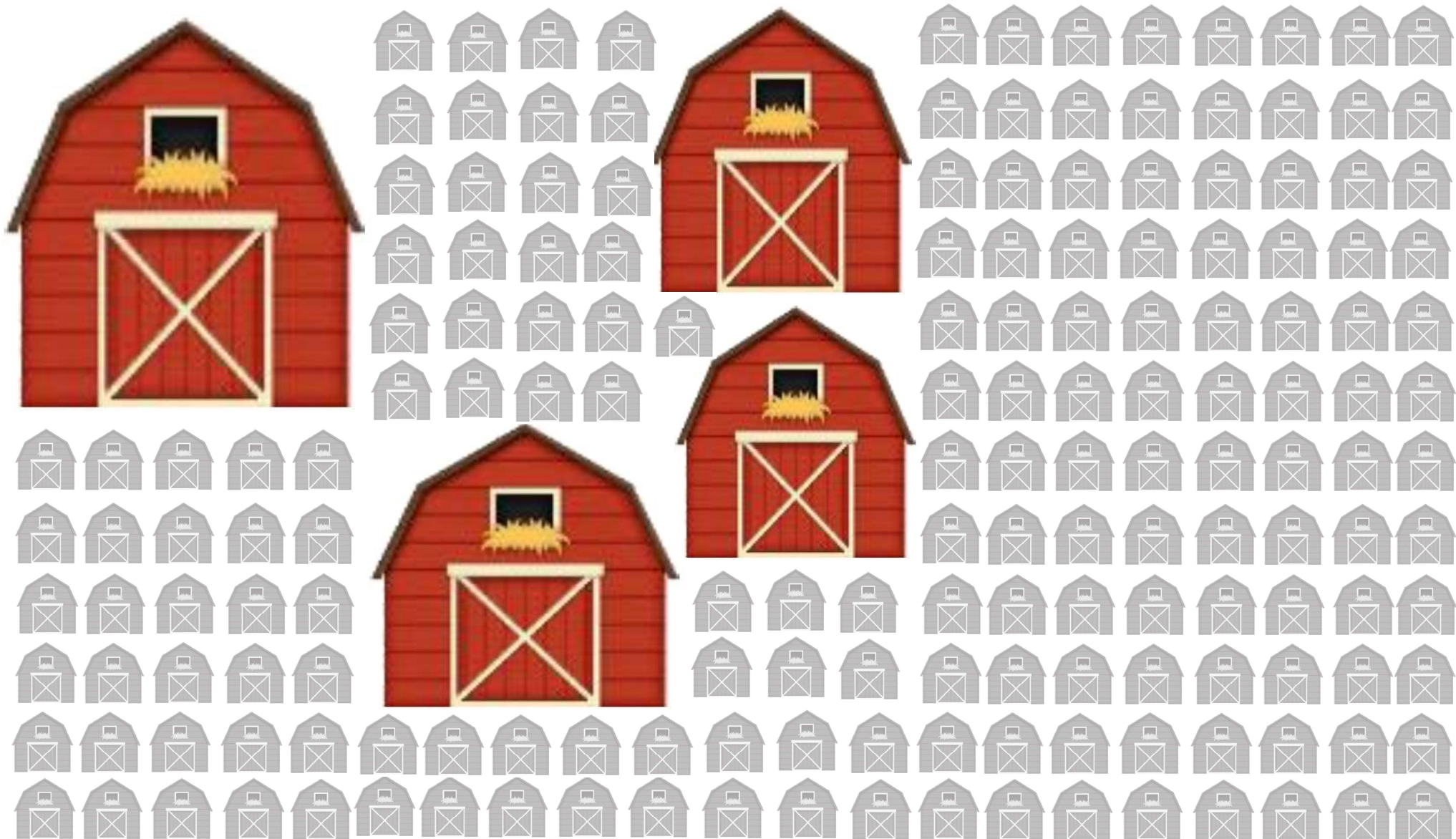
increased demand, the egg industry had geared up to produce more eggs, resulting in an oversupply of eggs. In March 2005, the egg industry took action to better align the size of laying flocks with current demand needs. Current U.S. Department of Agriculture statistics indicate a reduced flock size that is now more in line with current demand. There can be no assurance that shell egg prices will remain at or near current levels and that the supply of shell eggs will remain level in the future.

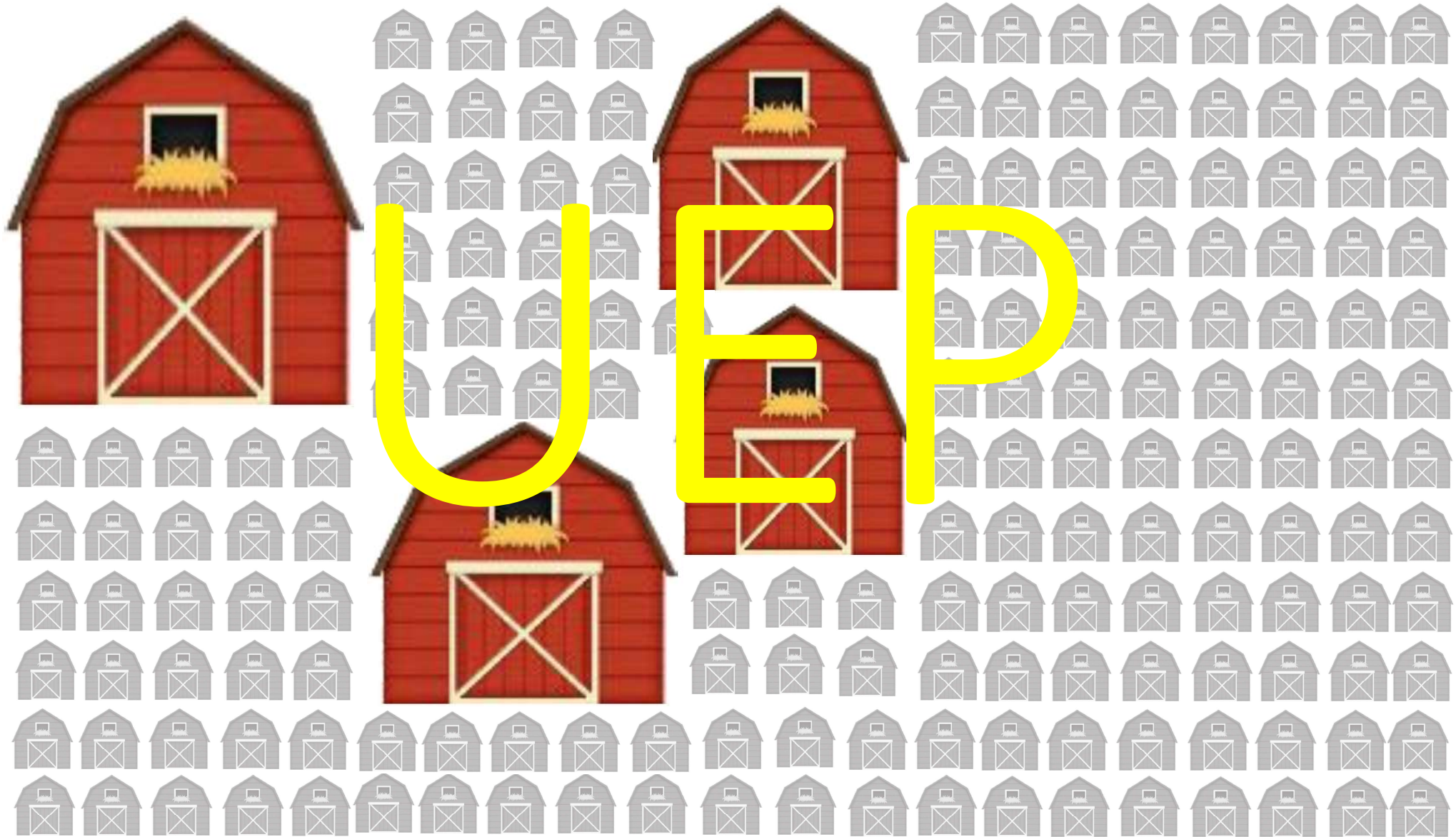
Plaintiffs' Ex. 410; 336

Only 4 Producers Found To Be In The Conspiracy

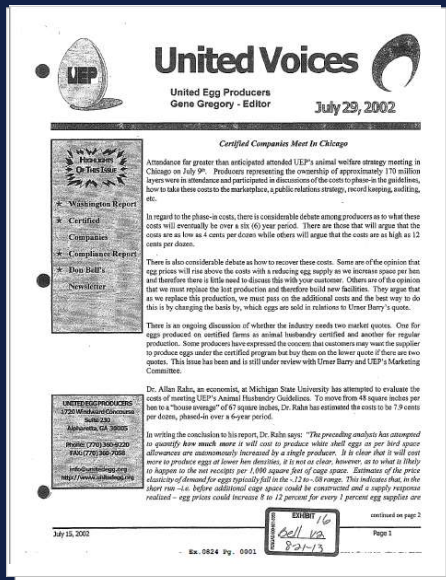
Remaining: **4 Producers**







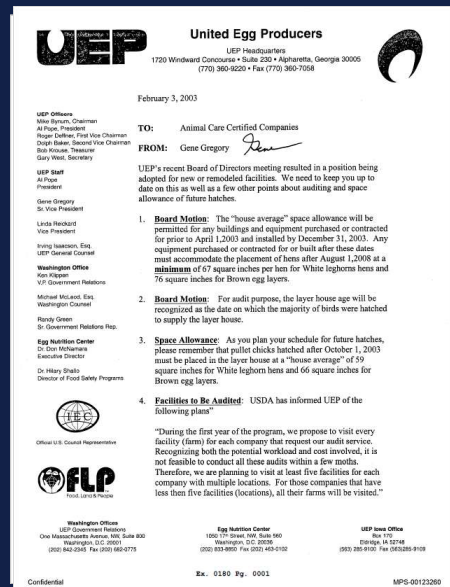
UEP Needed and Wanted Maximum Participation



July 29, 2002

Industry-wide adoption of these guidelines is urged in order to comply with the animal husbandry recommendations of the two committees relative to minimum space allowances in cages. As of July 15, UEP has program commitments from 140 egg producers representing 190 million laying hens or 69% of the nation's 275 million laying hens. The program participants have agreed to meet the deadlines shown in Table 1 relative to all new flocks hatched after April 1, 2002. In other words, they have agreed to house their 1st flock as layers at no less than 56 square inches per hen (on the average). If the previous flock was housed at 53 square inches, this would represent a 5.7% reduction in chicks purchased for the new flock.

UEP Needed and Wanted Maximum Participation



February 3, 2003

5. **Cost Recovery:** It is disappointing to hear from some of you that your customer is unwilling to pay your increased costs to meet these guidelines. We still recommend that you only put the **Animal Care Certified** logo on the cartons of companies willing to pay the costs.

You should not get discouraged. We believe with **225 million hens committed to the program** and the trading of AHC (Animal Husbandry Certified) eggs, and the flock reduction that has begun to take effect, egg prices have and will continue to reflect the impact of these welfare guidelines.

Rose Acre Needed and Wanted Maximum Participation

----- Original Message -----

From: Marcus Rust

To: Gene Gregory

Sent: Friday, December 30, 2005 8:46 AM

Subject: acc program

Gene-contrary to any rumors you may be hearing we are not dropping out of the ACC program-what has been said that we were if breaker demands were met-we will drop out of UEP if the leeway is granted to the Minn-Iowa group- this is totally unfair for all of those of us who have stayed with it-we only joined UEP to engage in this program and will disengage from UEP if it becomes non-UEP program-we will stay with the ACC program unless it disintegrates- Marcus

Received(Date): Fri, 30 Dec 2005 13:57:17 -0000
From: Gene Gregory <gene@unitedegg.com>
To: Marcus Rust <marcus_rust@goodegg.com>
Subject: Re: acc program

Marcus,

I appreciate your email and your support of the "UEP Certified" program and the 100% rule. Let me assure you that I am personally committed to the 100% rule and believe there will be major problems for the industry if this provision is eliminated.

I need your support during the January committee and Board meeting. You are welcome to call other supporters if you wish.

I am going to fax you some information that I have been working on that will likely be in the January meeting folder. This will assure you that I am committed to the 100% rule.

Gene

Rose Acre Needed and Wanted Maximum Participation

----- Original Message -----

From: Marcus Rust

To: Gene Gregory

Sent: Friday, December 30, 2005 8:46 AM

Subject: acc program

Gene-contrary to any rumors you may be hearing we are not dropping out of the ACC program-what has been said that we were if breaker demands were met-we will drop out of UEP if the leeway is granted to the Minn-Iowa group- this is totally unfair for all of those of us who have stayed with it-we only joined UEP to engage in this program and will disengage from UEP if it becomes non-UEP program-we will stay with the ACC program unless it disintegrates- Marcus

Received(Date): Fri, 30 Dec 2005 13:57:17 -0000

From: Gene Gregory <gene@unitedegg.com>

To: Marcus Rust <marcus_rust@goodegg.com>

Subject: Re: acc program

Marcus,

I appreciate your email and your support of the "UEP Certified" program and the 100% rule. Let me assure you that I am personally committed to the 100% rule and believe there will be major problems for the industry if this provision is eliminated.

I need your support during the January committee and Board meeting. You are welcome to call other supporters if you wish.

I am going to fax you some information that I have been working on that will likely be in the January meeting folder. This will assure you that I am committed to the 100% rule.

Gene

Cal-Maine Needed and Wanted Maximum Participation



Dolph Baker

Q. Now, Cal-Maine itself could have slaughtered 5 million hens to achieve that 23-cent price increase for the industry, couldn't it?

A. No, sir.

Q. Why not?

A. We couldn't take care of our customer.

Q. Okay. So Cal-Maine needed the industry to remove 5 million hens from the market in order to achieve that 23-cent price increase, correct?

A. Yes, the industry needed that kind of adjustment.

Cal-Maine Needed and Wanted Maximum Participation



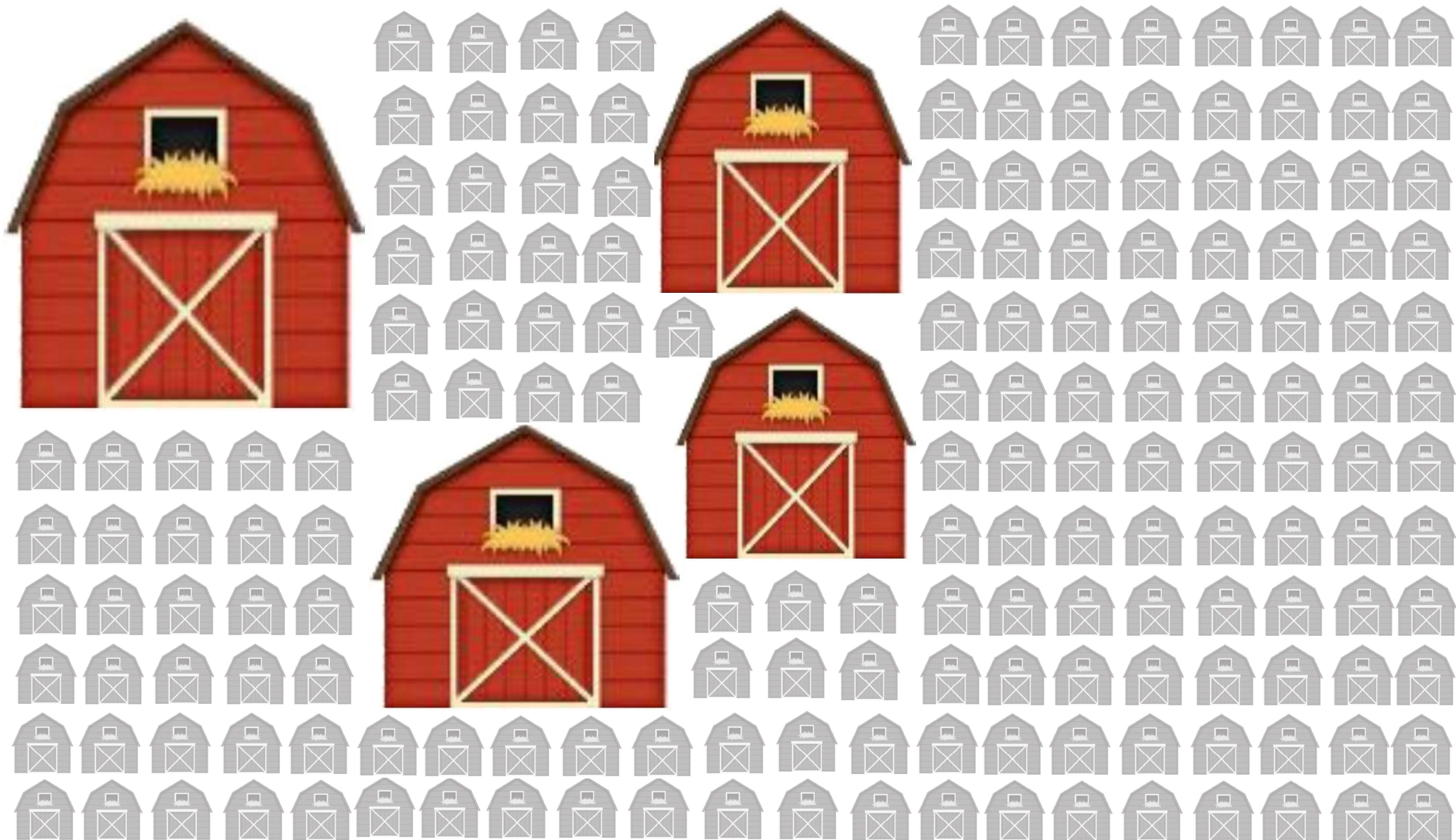
Dolph Baker

Q. And you wouldn't have needed the animal welfare committee to tell you to go up to 56.14 square inches per hen; you could have done that on your own, correct?

A. It would be difficult to be competitive doing that on our own.

Q. That's because that would raise your price of eggs because it would reduce your flock, correct?

A. It would raise our cost.




Kraft Did Not Agree to a Supply Restriction Conspiracy

**“What Better Time to Reduce
Cage Density and**

**“What Better Time to Reduce
Cage Density and**

Put Money In Your Pocket!!!

Commentary – Al Pope



p start by reducing the cage density to
Guidelines. This action may be a
to the Hatch & Molting Plan as
mittee.

g the nations flock size by 5% could be
achieved if this option best suits your facilities and marketing plan. If at least
50% of the industry took thee actions Producers could make a dollar to two a
bird in 2002 instead of the projected losses.....substantial losses at that!!!

Plaintiff
Ex. 223

Kraft Did Not Agree to a Supply Restriction Conspiracy



Karen Brown

Q: If UEP had told you that they were using the Animal Welfare Guidelines to reduce supply or increase price, would that have impacted FMI's review of the UEP guidelines?

A: It certainly would have impacted our relationship and conversations with UEP.

Brown Dep. 252:9-253:3

Kraft Did Not Agree to a Supply Restriction Conspiracy

ROSE ACRE
Farms
THE GOOD EGG PEOPLE®

P.O. BOX 1250
SEYMOUR, IN 47274
(812) 497-2537
FAX (812) 497-3311

Curtis Amundson
c/o Kraft Foods
P.O. Box 7188
Madison, WI 53707-7188

Curtis, I hope this day is finding you well. I am writing you this follow up letter to help you better understand the United Egg Producers Animal Welfare Program that we discussed on Friday May 20, 2005.

We have been working on this program since 2002.

You will see a time period for implementations of space allowance of layers. This part was staged to make sure that we as an industry did not short the market therefore having less supply, which would cause problems for our customers.

- Third Party auditing performed by USDA and EMS, LLC
- Our Commitment to the program

The 2005 Edition of the Animal Welfare Guidelines for U.S. Laying Flocks gives you all the basic principles of Good Management Practices in Animal Husbandry for Egg Layers. It will give you detailed information on our mission for Animal Welfare in the following areas; Housing and Space Allowance, Beak Trimming, Molting, Transportation and Handling. You will see that we have spent some time putting this together over the past 4 years.

Kraft Did Not Agree to a Supply Restriction Conspiracy



P.O. BOX 1250
SEYMOUR, IN 47274-0850
(812) 497-2557
FAX (812) 497-2311
www.roseacrefarms.com

May 30, 2007

John Gregorich
Kraft Foods
910 Mayer Avenue
Madison, WI 53704


Dear John:

Rose Acre Farms would like to offer a product supply agreement that is so change to the current agreement is a certified market to meet Kraft's new would be effective July 1st, 2007 and doesn't quote a certified market, we

Since our last contract began in 2005 there have been many changes in the costs of producing eggs. The rising feed prices have had the largest impact on our cost of production. Also complying with the new UEP Animal Care Certified guidelines has caused a decrease in our overall bird numbers and resulted in an increase in production costs. Under the UEP guidelines we have went from 48 square inches per bird when the program began to the current 64 square inches per bird. By April of 2008 we have to increase to the final number of 67 square inches per bird.

Another change that has taken place is that the dried inventory of egg products has greatly declined over the past year. I have enclosed a copy of the USDA dried egg inventory report. As you can see, whole egg is down 53%, yolk is down 34% and whites are down 43%.





Rose Acre Farms values the relationship that we have with Kraft Foods. We are committed to our strategic alliance with Kraft and will continue to provide Kraft Foods with high quality, price competitive egg products. If you have any questions about our proposal please let me know.

Sincerely,

Greg Hinton
Vice President, Sales
Rose Acre Farms

Since our last contract began in 2005 there have been many changes in the costs of producing eggs. The rising feed prices have had the largest impact on our cost of production. Also complying with the new UEP Animal Care Certified guidelines has caused a decrease in our overall bird numbers and resulted in an increase in production costs. Under the UEP guidelines we have went from 48 square inches per bird when the program began to the current 64 square inches per bird. By April of 2008 we have to increase to the final number of 67 square inches per bird.

Plaintiff Ex. 501

Prof. Baye's Main Overcharge Model

PLAINTIFF	AUG '05–JAN '07	FEB '07–JUL '08	AUG '08–SEP '08	OCT '08–DEC '08	TOTAL
	\$3,391,612	\$12,981,111	\$1,190,781	\$765,782	\$18,329,286
	\$53,955	\$30,951	\$7,159	\$1,064,195	\$1,156,260
	\$321,383	\$813,156	\$110,493	\$60,577	\$1,305,609
	\$635,915	\$3,143,684	\$306,412	\$519,368	\$4,605,379





Sources: Prof. Baye Backup Data, Exhibit 22, Exhibit 23 and Appendix 6.1.do, damages_final.dta

5

Vendor ▼	Fiscal Month ▼	Fiscal Year ▼	Material Description ▼	Invoice Amount ▼	Invoice Qty ▼
Rose Acre Farms Inc Nepco Division	5	2008	Egg Whole Solids Powder Dried 50Lb	174,240.00	39,600
Rose Acre Farms Inc Nepco Division	7	2008	Egg Whole Solids Powder Dried 50Lb	174,240.00	39,600
Rose Acre Farms Inc Nepco Division	8	2008	Egg Whole Solids Powder Dried 50Lb	174,240.00	39,600
Rose Acre Farms Inc Nepco Division	8	2008	Egg Whole Solids Powder Dried 50Lb	174,240.00	39,600
Rose Acre Farms Inc Nepco Division	1	2008	Egg Whole Solids Powder Dried 50Lb	169,884.00	39,600
Rose Acre Farms Inc Nepco Division	1	2008	Egg Whole Solids Powder Dried 50Lb	169,884.00	39,600
Rose Acre Farms Inc Nepco Division	2	2008	Egg Whole Solids Powder Dried 50Lb	169,884.00	39,600
Rose Acre Farms Inc Nepco Division	4	2008	Egg Whole Solids Powder Dried 50Lb	169,884.00	39,600
Rose Acre Farms Inc Nepco Division	5	2008	Egg Whole Solids Powder Dried 50Lb	169,884.00	39,600
Rose Acre Farms Inc Nepco Division	6	2008	Egg Whole Solids Powder Dried 50Lb	169,884.00	39,600

Source: Plaintiffs Ex. 743

Prof. Baye's Main Overcharge Model

PLAINTIFF	AUG '05–JAN '07	FEB '07–JUL '08	AUG '08–SEP '08	OCT '08–DEC '08	TOTAL
	\$3,391,612	\$12,981,111	\$1,190,781	\$765,782	\$18,329,286
	\$53,955	\$30,951	\$7,159	\$1,064,195	\$1,156,260
	\$321,383	\$813,156	\$110,493	\$60,577	\$1,305,609
	\$635,915	\$3,143,684	\$306,412	\$519,368	\$4,605,379

Sources: Prof. Baye Backup Data, Exhibit 22, Exhibit 23 and Appendix 6.1.do, damages_final.dta

5

Dr. Walker's Selective Analysis

DR. WALKER'S REGRESSION REMOVES EGG PRODUCTION AS A FACTOR.

Product		Coefficient Estimate for Backfilling Ban
(a)		2/2005 - 12/2012
		(e)
7 Products bought by Plaintiffs	Liquid Eggs	
	UB Liquid Eggs, Whole, Custom Pack, Pasteurized, Standard	-27.68**
	UB Liquid Eggs, Yolk 43% Solids, Custom Pack, Pasteurized, Standard	-22.70*
	UB Liquid Eggs, Yolk, Salt 43% Solids, 10% Salt, Standard	-28.34**
	Dried Eggs	
	UB Egg Solids, Albumen, Spray (TL)	-31.29*
	UB Egg Solids, Blend: 65-75% Whole Egg, 25-35% Corn Syrup (TL)	-16.58**
	UB Egg Solids, Dried Whole Plain (TL)	-32.00**
	UB Egg Solids, Yolk (TL)	-18.85*

Source: Walker DAP Report Appendix Exhibit 2

Total Overcharges



Kraft

\$18,329,288



Kellogg's

\$4,605,380



Nestle

\$1,156,262



**General
Mills**

\$1,305,612

TOTAL : \$25,396,542